

HCS SB 668 -- AGRICULTURAL TAX CREDITS

SPONSOR: Cauthorn (Myers)

COMMITTEE ACTION: Voted "do pass" by the Committee on Agriculture by a vote of 19 to 0.

This substitute changes provisions related to the carry-forward and carry-back provisions of net operating losses for income tax purposes. Any amount of net operating losses taken against federal taxes but disallowed against Missouri taxes since July 1, 2002, may be carried forward and used up to 20 years in the future. In addition, certain net operating losses relating to farming may be carried back and forward in the same manner as allowed by federal law.

The substitute allows the following tax credits to be taken against estimated quarterly taxes paid:

- (1) Credits for investments in eligible new generation cooperatives or eligible new generation processing entities; and
- (2) Credits received for contributions to the Agricultural Product Utilization Grant Fund.

The substitute adds eligible new generation cooperatives, eligible new generation processing entities, and agricultural product utilization contributor tax credits to the restriction that the tax credits taken against insurance premiums will not reduce moneys transferred to the county foreign insurance fund.

For investors to receive a New Generation Cooperative Incentive Tax Credit, the substitute decreases the required number of employees in an employee-qualified capital project from 100 to 60.

FISCAL NOTE: Estimated Net Cost to General Revenue Fund of \$340,215 to Unknown in FY 2004, FY 2005, and FY 2006. Unknown could exceed \$100,000 annually. Estimated Net Effect on State Schools Money Fund of \$0 in FY 2004, FY 2005, and FY 2006.

PROPOSERS: Supporters say that the bill facilitates business entities' purchase of tax credits from producers investing in an eligible new generation cooperative or an eligible new generation processing entity at a higher rate of exchange. The bill also allows agricultural product utilization contributor tax credits to be purchased by business entities from persons contributing to the Agricultural Product Utilization Grant Fund at a higher rate of exchange.

Testifying for the bill were Senator Cauthorn; Missouri Soybean Association; and Missouri Farm Bureau.

OPPONENTS: There was no opposition voiced to the committee.

Roland Tackett, Legislative Analyst